

COMMISSIONERS

JEFF HATCH-MILLER- Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



Brian C. McNeill
Executive Secretary

ARIZONA CORPORATION COMMISSION

Direct Line: 602-542-3682
Fax: 602-542-3708
E-mail: MGLEASON@AZCC.GOV

August 5, 2005

Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Kristin K. Mayes

Re: Environmental Portfolio Standard Rules (Docket No. RE-00000C-05-0030)

Dear Colleagues:

In my epistle of August 2, I predicted the true average annual cost of non-firm, non-dispatchable renewable power to residential customers for each year of the Environmental Portfolio Standard (EPS) as implemented according to Staff's proposal. Since then, I have estimated the true cost of the proposed EPS to one hypothetical small business office by applying the same back-up infrastructure cost factor (\$.07/kWh) from my letter of July 25 to usage data for two small business offices in 2004. The results are shown in the following table:

Year	Avg. Annual Cost	Year	Avg. Annual Cost
2005	\$71.61	2016	\$196.00
2006	\$94.23	2017	\$218.61
2007	\$98.00	2018	\$244.99
2008	\$101.77	2019	\$267.61
2009	\$105.54	2020	\$293.99
2010	\$113.07	2021	\$320.38
2011	\$128.15	2022	\$346.76
2012	\$139.46	2023	\$373.15
2013	\$150.77	2024	\$403.30
2014	\$162.07	2025	\$429.68
2015	\$173.38		

While the value of these data for making broad generalizations is obviously limited by the small sample size, they do provide a realistic idea of what a small business would pay under the proposed EPS. I would like to thank Heather Murphy for assembling the underlying electricity usage data for the two small business offices.

Sincerely,

A handwritten signature in cursive script that reads "Mike Gleason".

Mike Gleason
Commissioner